

¹ Barbados Lumber Company 1 – Teaching Note

Conor Vibert developed this teaching note to guide the use of the multimedia case entitled Barbados Lumber Company 1 for instructional purposes. It is not the purpose of this material to serve as an illustration of how to effectively or ineffectively address a managerial situation.

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SUMMARY

Ashley Toppins, Chairman of the Barbados Lumber company is faced with a succession issue. The owner and founder of the company, having served for thirty years, has announced he is retiring. Other directors of the company have suggested that the company is not as profitable as it might be. Advice is being sought as to how to proceed in resolving this real-life issue. Students are offered access to a set of transcribed video clips that outline the issue and its cause along with providing context for the issue. In order to arrive at alternative solutions and justify their choice of a solution, students are expected to use sources of information not found in the case.

KEYWORDS

- CEO Succession
- Human Resources
- Turnaround

CASENET VIDEOS

Each video in this multimedia case features a segment of an interview with one of the organization's key decision makers. The videos describe:

1. the *Issue* facing the individual or organization
2. the *Cause* of the issue
3. *Background* information for the individual, organization and industry
4. *Alternatives* for addressing the issue
5. A suggested *Solution* and justification

Transcriptions for each video are also available. Students may not access the *Alternatives* and *Solution* videos or transcripts.

OBJECTIVES FOR TEACHING

There are a number of instructional objectives for this case.

- To enhance the decision making skills of students by having them address a real life issue faced by managers of Canadian or international companies.
- To provide students with a brief introduction to the retail industry.

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- To offer students an opportunity to analyze a situation using concepts that illustrates conflicts of interest management, as well as contingency governance.

POSSIBLE TEACHING STRATEGY

This case is ideal for in-class case analysis or as an assignment. Assuming an 80 minute class, here is an approximate class schedule:

Time (minutes)	Task
5	Introduce case and divide students into groups.
15	Students view <i>Background</i> case videos and make notes.
5	Instructor plays the <i>Issue</i> and <i>Cause</i> clip(s).
25	Students identify alternatives, a solution and rationale.
20	Instructor guides a discussion around alternatives, solution and rationale.
10	Instructor plays the <i>Alternatives</i> and <i>Solution</i> clips.

If the case is used as an assignment, the instructor may want to focus assessment on:

- 1) **Decision-making process.** The instructor would evaluate writing style, appropriateness of information sources, alternatives, solution and rationale. This approach recognizes that the alternatives and solutions offered in the case are not necessarily optimal, and other choices may be equally effective. Students can be rewarded for their selection of decision making approaches, analytical frameworks and cited reference material.
- 2) **Outcomes.** The instructor would evaluate how closely student responses match those offered in the *Alternatives* and *Solution* video clips. Or, the instructor could use the insight of an existing research paper or analytical framework as the basis for judging outcomes.
- 3) **A combination of process and outcome.** The instructor may apportion the grade between process and outcomes.

POSSIBLE QUESTIONS FOR ASSIGNMENTS

Students can be asked to identify a set of alternatives to address the issue outlined in the case, a solution and rationale. Other questions that will help students prepare for their case analysis include:

- What does the literature have to say about the internal versus external successors in business leadership settings?
- How important is it that a successor has deep knowledge of the lumber / hardware business?

CASE ANALYSIS

Issue: The *Issue* and *Cause* video clips outline the problem or challenge of the case.

My name is Ashley Toppin and I am the Executive Chairman of the Barbados Lumber Company. One issue that we had to deal with in recent times was the replacement of our CEO. Our CEO had been in the office for thirty-four years. He started the company and was regarded as the founder. When he retired in 2007, we had to find a replacement. What were our options? We found that the company was not as

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profitable as it could have been. One of our directors said that we were not realizing our true potential as a company. We wanted to change the culture more towards a business focus.

Analysis:

To start their analysis of the case, students should view the *Background* video clips. These clips should help students grasp the following points or case facts.

- Barbados Lumber Company is a small private company, with a board of five members who are all non-executive, but are very friendly with the top management of the company.
- They feel they have identified a niche in the market, and are successfully competing on competitive pricing and good customer service.
- Company separated by two different business cultures. Tension arises from perceived low-productivity of Barbados people.
- Economy of Barbados not as productive as it could be
- Barbados Lumber Company has positive image in community, and faces the danger of losing that image if the management issues are not dealt with.

Researching information sources other than the content of the cases should enable students to garner the following insights:

- As of 2010, Barbados has a population of 280,000 people.
- Services, manufacturing, and agriculture are the most significant sectors in the Barbados economy
- Education is compulsory to age 16, and Barbados has near total literacy due to Government funded primary and secondary schools
- Barbados workers' rights include non-discrimination with respect to race, gender, disability, ethnic, or political background, as well as the freedom of association and the right to bargain collectively

With this information in hand students can be challenged to identify an analytic framework that will help them organize their thoughts.

Effort focused on research coupled with analysis should enable students to present a series of options. These can be compared to the options offered by the interviewee that are also summarized below and found in the *Alternatives* video clip.

- The alternatives were to hire someone from the management group. We had some capable people so that was one alternative. The second alternative was to do the job myself and become a full time employee as a CEO of the company. The third alternative was to hire from outside. Get someone with the expertise and experience to do the job and who wanted it.

The *Solutions* video clip offers the interviewees' solution to the issue along with a rationale. Highlighted below, this can be compared to the student response and explanation.

We chose to bring someone from the outside. We chose that because we thought that this person would make the changes in the company that we thought were necessary for its

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continuation and for its success. We looked at the culture that had developed in the company and we did not think that we wanted to go that direction; we wanted some changes, some fundamental changes to the way that things were done in the operation. We thought that someone from the outside would be our best bet. I did not want to do the job because it would have been full time and I really did not want to spend the time working full time for the company at that stage. We thought that we needed to change the culture of the corporation. We found that the business was not a profitable as we wanted and we found that they were not concentrating on making money. We had issues of conflict of interest, we had low productivity, we had issues of lack of control over the company's assets, we had hiring of family and friends, poor management of receivables, etc. this stemmed from the fact that the persons employed in the senior positions were there for a long time, they knew everyone and everyone knew them. This was creating a problem for us so we that we needed to change how things were done there.

SUGGESTED COURSES

We suggest that this case would be suitable for a number of courses. These courses include:

- Business Strategy
- Operations Management
- Human Resource Management

ADDITIONAL RESEARCH

The case offers students opportunities to undertake interesting additional research.

Students may want to delve deeper into how managers make decisions. Classic approaches to decision making include works by Cyert and March (1963) and Tversky and Kahnemann (1974).

Students interested in learning more about the industry in general might make use of numerous online information sources some of which are noted below.

- Encyclopedia Britannica
<http://www.britannica.com/EBchecked/topic/52655/Barbados/54605/Barbados-since-independence> - provides overview of Barbados demographics and culture
- Global Edge, <http://globaledge.msu.edu/global-insights> (Provides profiles of countries and global industries with a focus on risks, trends, events, and trade statistics)
- Government of Barbados: www.barbados.org/govt.htm (Provides general information about Barbados)
- Government of Barbados Ministry of Labour www.labour.gov.bb - information about employees rights and responsibilities in Barbados
- U.S. Department of State: Bureau of Economic and Business Affairs
<http://www.state.gov/e/eb/rls/othr/ics/2013/204600.htm>, 2013 Investment Climate Statement - Barbados

REFERENCES

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A number of articles, referenced below, offer insight that might help instructors effectively explore this case with students.

Strebel, Paul, The Case for Contingent Governance. Sloan Management Review. Winter, 2004. 59 – 66.
http://www.jeneweingroup.com/dokumenty/others/contingent_governance.pdf

Turnaround <http://www.turnaround.org/assistance/industryrenewal.aspx> - provides checklist for deciding if a turnaround is appropriate for your company